

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the California-American Water Company (U 210 W) for an order authorizing it to increase its rates for water service in its Los Angeles Division to increase revenues by \$1,354,500 or 7.56% in the year 2004, \$842,100 or 4.68% in the year 2005, and \$1,052,000 or 5.22% in 2006.

Application 03-07-036
(Filed July 23, 2003)

**SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER
AND ADMINISTRATIVE LAW JUDGE**

In this proceeding, California-American Water Company (Cal-Am) seeks ratesetting for its Los Angeles district in the service areas of San Marino, Baldwin Hills and Duarte. The Commission held a prehearing conference on September 16, 2003. This ruling determines the scope, schedule, necessity of a hearing, and other matters in accordance with Rules 6(a) and 6.3 of the Commission's Rules of Practice and Procedure (Rules).¹

1. Principal Hearing Officer

Pursuant to Pub. Util. Code § 1701.3, Administrative Law Judge (ALJ) Kim Malcolm is designated as the principal hearing officer in this proceeding.

¹ The Commission's Rules are available on the Commission's Website: www.cpuc.ca.gov/PUBLISHED/RULES_PRAC_PROC/8508.htm.

2. Categorization and Need for Hearing

This ruling confirms the Commission's preliminary categorization in Resolution ALJ 176-3107 (February 13, 2003) of this proceeding as ratesetting. This ruling also confirms that evidentiary hearings are necessary as factual issues are in dispute. This ruling, only as to categorization, is appealable under the provisions of Rule 6.4.

3. *Ex Parte* Communications

Since this is a ratesetting proceeding, *ex parte* communications with the Assigned Commissioner, other Commissioners, and the ALJ are generally prohibited. The limited exceptions to this prohibition are described at Pub. Util. Code § 1701.3(c) and Rule 7.

4. Scope of the Proceeding

Cal-Am seeks the Commission's approval of rate adjustment for years 2004 through 2006 for each of three service areas: San Marino, Baldwin Hills, and Duarte. In the first year, Cal-Am proposes a rate decrease of 8.86% in Baldwin Hills, a rate increase of 1.23% in Duarte and an increase of 21.04% in San Marino. It proposes additional increases in each service area for each of the subsequent two years. Cal-Am's application states it needs the revenue increases to pay for operation and maintenance, and financing and capital costs resulting from growth in plant, among other things.

The Office of Ratepayer Advocates (ORA) opposes the application but has not yet submitted testimony in this proceeding. Normally, this type of application involves review of water sales and revenues, operations and maintenance expenses, general office expenses and financial requirements, utility plant, depreciation, rate base, revenue requirements, and the rate of return. The Commission will also consider service quality and adopt rate design, which allocates revenue requirements to various customer groups and service offerings.

5. Schedule

The schedule for this proceeding will include evidentiary hearings and Public Participation Hearings (PPH) in San Marino, Duarte, and Inglewood/Baldwin Hills.

Event	Date
PPH—San Marino	1 p.m., December 16, 2003
PPH—Duarte	5 p.m., December 16, 2003
PPH—Inglewood/Baldwin Hills	2 p.m. and 6 p.m., December 17, 2003
ORA testimony	January 9, 2004
Cal-Am rebuttal testimony	January 20, 2004
Hearings—San Francisco	February 9, 10, 11, 23, and 24, 2004
Opening briefs (With joint comparison exhibit)	To be determined
Reply briefs	To be determined
Proceeding Submitted	On date of Reply Briefs

This ruling affirms the Commission's intent to complete this proceeding according to the Commission's general rate case plan.

6. Discovery

If the parties have discovery disputes they are unable to resolve, they should first notify the assigned ALJ who may refer disputes to the Commission's Law and Motion Judge.

7. Intervenor Compensation

The deadline for customers to file notice of their intent to claim compensation under § 1804(a) is 30 days from September 16, 2003, the date of the Prehearing Conference. No party has filed such a notice. The Commission may consider and approve future notices for good cause.

8. Service Lists/Filing and Service of Documents

The official service list for this proceeding is attached to this ruling. The parties shall notify the Commission's Process Office of any address, telephone or electronic mail (email) change to the service list. The updated service list is available on the Commission's web page maintained for this proceeding.

The parties shall distribute all pleadings and testimony in electronic form and do not need to serve hard copies unless a party has requested hard copies. Parties must nevertheless file paper copies with the Commission and follow Article 2 of the Commission's Rules.

Therefore, **IT IS RULED** that:

1. The scope of issues is generally addressed in this ruling and encompasses all aspects of California-American Water Company's Los Angeles district operations, plant, costs, services, and expenses.
2. Administrative Law Judge (ALJ) Kim Malcolm is the principal hearing officer.
3. The Commission's preliminary categorization of this proceeding as ratesetting is affirmed. An evidentiary hearing is required.
4. *Ex parte* communications are prohibited in this proceeding except as provided in Pub. Util. Code § 1701.3(c) and Rule 7 of the Commission's Rules of Practice and Procedure.
5. The schedule for the proceeding is set forth in this ruling.

6. The ALJ is authorized to modify the schedule in this proceeding and otherwise manage this proceeding in ways that promote a fair and efficient process.

Dated December 12, 2003, at San Francisco, California.

/s/ LORETTA M. LYNCH

Loretta M. Lynch
Assigned Commissioner

/s/ KIM MALCOLM

Kim Malcolm
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge on all parties of record in this proceeding or their attorneys of record.

Dated December 12, 2003, at San Francisco, California.

/s/ KE HUANG

Ke Huang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.